

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7803**

**BILL NUMBER:** SB 430

**NOTE PREPARED:** Feb 15, 2003

**BILL AMENDED:** Feb 13, 2003

**SUBJECT:** Worker's Compensation.

**FIRST AUTHOR:** Sen. Harrison

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill increases the maximum weekly benefits for temporary total disability, permanent total disability, and temporary partial disability for worker's compensation and occupational disease over a four year term, beginning July 1, 2003. It requires the Worker's Compensation Board to amend its rules to provide for increased attorney's fees for claims before the board.

**Effective Date:** (Amended) Upon Passage; July 1, 2003.

**Explanation of State Expenditures:** (Revised) The bill increases the maximum average weekly wage used in the determination of compensation for temporary total disability, temporary partial disability, and total permanent disability. Medical benefits are determined by the degree of impairment and are not based on the wage. The bill also increases the maximum compensation (exclusive of medical benefits) that may be paid for an injury under worker's compensation and occupational disease law. New maximum compensation limits are added for injuries occurring after July 1, 2003. The following table shows the increase.

Maximum Weekly Wage Additions (For Worker's Compensation and Occupational Disease).					
	FY 2003 (Current)	FY 2004 (Proposed)	FY 2005 (Proposed)	FY 2006 (Proposed)	FY 2007 (Proposed)
Maximum Weekly Wages	\$882	\$915	\$954	\$990	\$1,032
Maximum Compensation	\$294,000	\$305,000	\$318,000	\$330,000	\$344,000

It is difficult to determine the potential cost of these changes. P.L. 31-2000 included similar types of adjustments, although the magnitude of the adjustments was different. An actuarial analysis of these changes is being performed by the National Council on Compensation Insurance (NCCI). [Note: The results of the actuarial analysis are not currently available. The note will be updated when NCCI finishes their analysis.] According to the Indiana Compensation Rating Bureau, premiums increased by 1.5% for 2001 and decreased by 7.4% for 2002. Premiums for workers' compensation for 2001 were about \$677 M statewide. The percentage increase in the maximums over the 2003 amounts are 3.7% for FY 2004, 8.26% for FY 2005, 12.2% for FY 2006, and 17% for FY 2007.

The state is impacted as an employer. The state spent \$3.4 M in FY 1998, \$3.7 M in FY 1999, \$3.9 M in FY 2000, \$4.5 M in FY 2001, and \$5.3 M in FY 2002 on worker's compensation payments. The maximum increase in benefits would be about \$196,000 for FY 2004 and \$434,500 for FY 2005.

*Attorney Fees:* The attorney fees provisions of the bill would have no state or local fiscal impact because the attorney fees are paid by the plaintiff from the amount awarded. The bill reestablishes the attorney's fees in 631 IAC 1-1-24 expired on January 1, 2002 and the Worker's Compensation Board has continued to use the schedule.

The Board does not have information on the amount of attorney fees paid on claims.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Local governments and school corporations could incur an indeterminable increase in expenses as a result of these proposals (see *Explanation of State Expenditures*). Like the state, most of these units are self-insured and would directly bear any additional costs related to "disabled from trade" compensation. For any entities purchasing private worker's compensation insurance, the cost of insurance premiums would likely increase as a result of this proposal.

**Explanation of Local Revenues:**

**State Agencies Affected:** Worker's Compensation Board; All State Agencies.

**Local Agencies Affected:** All Local Units of Government.

**Information Sources:** Indiana Compensation Ratings Bureau website.

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